ADM. THAD ALLEN PRESS CONFERENCE CALL

WELCOME:
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SPEAKER:
ADM. THAD ALLEN,
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OPERATOR: Today's conference is with U.S. Coast Guard Adm. Thad Allen, the national incident commander for the Deepwater Horizon BP response. I would now like to turn the call over to your first speaker, Mr. Clark Stevens. Sir, you may begin.

CLARK STEVENS: Hi, thank you, everyone, for joining today. Just quickly, we will have a brief question-and-answer period at the end of this call. After that, please follow up with the JIC or the other contacts you have for any further questions. With that, I'd like to turn it over to Adm. Thad Allen. Admiral, are you there? Hold one second, folks. We had one difficulty with him hopping off earlier. So he might be calling back in, in just a sec.

ADM. THAD ALLEN: This is Adm. Allen, can you hear me? (Pause.)

MR. STEVENS: Admiral, are you there?

ADM. ALLEN: Yes, I am. We must have had a break. Can you hear me now?

MR. STEVENS: Go right ahead.

ADM. ALLEN: Okay, thank you. I'm sorry. And folks, I'm sorry, I'm calling from a cell phone. I'm trying to pick my phone up at the airport for my change of command (ph). Just to go over a couple of things that are going on with the Incident Command right now. We're working very, very hard with British Petroleum on the timeline for the top kill, which will be the attempt to seal the well with mud through the choke and kill lines.

We're working on that with them right now to – that is the ultimate near-term solution to stop the leakage. In the meantime, we're recovering product that's varying between – at the high rate, we've got about 5,000 barrels a day; at the low rate, between 2,000 and 2500 barrels a day with a lot of natural gas coming out of there. We still have leakage at the bend in the riser pipe above the lower marine riser package, and we working that with subsea dispersant application.

Two other things that are working today – I'd like to talk a little it about them and then I'd really just go to your questions and whatever you have. The first one is the flow-rate technical group that we've established. We've been working this response as if we were dealing with a worst-case spill scenario, but as we get to the point where there are more remotely operated vehicles and chances to use sensors down there, we're going to try and establish, through what we feel has been released. They've been on the surface through – (inaudible, audio difficulties).

MR. : He's gone.

MR. STEVENS: Admiral, are you still on the line?

ADM. ALLEN: This is Adm. Allen, I'm sorry. Did I cut out again?

MR. STEVENS: Yes, you did.

ADM. ALLEN: Where was I at? I'm sorry.

MR. STEVENS: You were talking about the flow-rate technical group.

ADM. ALLEN: Okay, thank you. I apologize for – (pause).

MR. STEVENS: We're having some technical difficulties with the admiral's line. He'll be calling back in, in just a minute and we'll go straight to question-and-answer. (Pause.)

MR. : Hello?

MR. STEVENS: Yeah?

MR. : Sir, this is Adm. Allen's car. We'd like to be patched in again.

MR. STEVENS: Go right ahead.

MR. : Say again?

MR. STEVENS: Go right ahead.

MR. : Okay.

ADM. ALLEN: This is Adm. Allen. I don't know if everything got through. We got dropped off again. I'm extremely sorry. But I'd be glad to go to questions.

OPERATOR: We will now begin the question-and-answer section of the conference. If you would like to ask a question, if you could please, once again, press *1 and make sure your phone is un-muted so I may introduce your question. And we do have a few questions in the queue already. Our first question comes from Brad Johnson (sp). Your line is open.

Q: Hi, thank you for taking my call, Adm. Allen. My – (inaudible) – my question today is, if you can describe what – I guess it's two parts. What's the impact that you're seeing on the Louisiana coast right now, and do you have confidence that the federal government has all the information and access and control that it needs? The impression that I've been getting is that BP has pretty strong command authority over all of its contractors and subcontractors, and it doesn't seem to be a strong federal presence in a lot of cases.

ADM. ALLEN: I think you asked a couple of questions there. First of all, let me go over the federal authority that's present here. BP is the responsible party, but overall responsibility rests with the federal on-scene coordinator, who is Rear Adm. Mary Landry, at headquarters in Robert, Louisiana. She has the ability to direct the RP, in this case, British Petroleum, to do what they need to do. If there's any feedback that comes back on contractor performance for BP, we work those issues and we adjust and we provide guidance as necessary.

I know today, there was a number of issues worked by Capt. Ed Stanton, who is the representative of Mary Landry down at Houma, related to boom placement and response to oil that's back in the marshes. It's more of an issue of understanding where it's at, what needs to be done. And if British Petroleum needs direction, that is provided by the federal on-scene coordinator.

OPERATOR: Our next question comes from Chris Kirkland (sp). Your line is open.

Q: Yeah, I guess you didn't really get to it, but the barrier island upstate was what I was most interested in, and I'm wondering – there's a host of questions. I've been trying to get in touch with the Corps of Engineers all week just to see what the status is. But mainly, it – you know, the governor of Louisiana is calling on the Corps to immediately approve this and for the Coast Guard to basically force BP's hand to pay for this. Is that a likelihood? I mean, is this just a pipe-dream sort of plan, or is this something that is really being considered?

ADM. ALLEN: Well, there are a lot of elements to this plan, and we're working very close with the Corps of Engineers and the state of Louisiana. The Corps is in the middle of a process that they haven't finished right now. But my goal, as the national incident commander, is not to wail till they produce a plan that we react to; we're trying to understand it, analyze it, and take a look at the interaction of those barrier islands or berms, if you will, in relation to how we're trying to prosecute this oil spill.

And it has to do with how you would deal with oil coming ashore during construction and things like that. So what we're trying to do right now – we're pretty much in a fact-gathering mode regarding the proposal, clarifying that with the Corps of Engineers and the state of Louisiana. And those discussions are ongoing right now. My goal is to clarify everybody's respective positions and create the art of the possible.

Before we're presented with a de facto permit that says, we want to do this and there's an up or down vote on it, I think we all need to understand that we all have collective interests here. And what I'm trying to do is make sure we understand the implications of their proposal as it relates to the spill response. And there are a lot of facets associated with that, but I can tell you we're fully engaged with both the state and the corps of Engineers right now.

OPERATOR: Our next question comes from Sandy Davis (sp). Your line is open.

Q: Actually, my question was regarding – I didn't – I couldn't hear anything that he said – that the admiral said or that you said, sir. I'm not sure if you talked about any of the other issues facing Louisiana right now, particularly all the oil that is coming ashore? One thing BP said today was, it only has hit seven areas, but according to the governor, it's hit about 11 areas, and according to NOAA, it's in about 54 miles of shoreline in the state of Louisiana? What's your response to that?

ADM. ALLEN: Well, the procedure and how we do this is, we have scout teams and surveillance teams that are out. When we find oil has impacted the shoreline, we send a shore-cleanup assistance team – a SCAT, if you will – that goes out, assesses the oil and what's the

best way to recover it. Some of these places are very isolated, and the only way to get to them is actually through an airboat and deploying personnel there. They can't be done immediately, sometimes, when we see the oil.

But Capt. Ed Stanton at our incident command post in Houma is dispatching teams as the oil is reported. And it's a two-step process – doing assessment to track the oil where it's at and what's the best remediation or cleanup process to deal with it, and to deploy the resources to do that. And in some cases, it doesn't happen instantaneously because of the remoteness of some of these islands and, again, the access to them. But that is a process that's being carried out. So whether it's seven, 10 or 12 sites, or whatever, that's the way we react to them.

OPERATOR: Our next question comes from Chris Baltimore (sp). And your line is open.

Q: My question's been answered, thank you.

OPERATOR: Thank you. And once again, if you do have a question that has already been answered, you may press *2 to remove your question from the queue. We'll take our next question from David Fernholz (sp). Your line is open.

Q: Thank you. Admiral, there was some confusion, at least on my end, today, from BP about the rate of the siphoning out of this riser-insertion tool. They said yesterday that it was 5,000 barrels a day. Today, they came back and said that actually, they had only gotten 2200 barrels out in the 24-hour period, and that 5,000 was just the fastest it had ever gone at any point. Was it confusing from your end, or did you understand that 5,000 was just the absolute fastest they had done it at any period of time?

ADM. ALLEN: It's not unusual to me that the rate, on the daily basis, would vary. And that could be for a couple reasons. First of all, we know that the hydrocarbons that are coming up has a high concentration of natural gas in it. And depending on the percentage of natural gas at any one period of time, that might relate to, actually, how much oil would be there with the natural gas. And they're actually flaring, or burning off, the natural gas as it comes to the surface.

So I think it would be natural to understand that, in any particular day, there would be a variable amount of hydrocarbons in that column that's coming up. Number two, they are trying to treat the line that's bringing it up with warm water so that no hydrates form, and they're also trying to use pressure to help the stuff rise up through there.

So they're dealing with changing pressures in the oil line, which they have to adapt to, and then the makeup of hydrocarbons itself – you have a big degree of natural gas in it. That in itself could create enough variables where it would change how much oil you got up on a daily basis. And I've told everybody from the start on this, we need to be very, very – I won't say skeptical, but we need to understand that these flow rates are based on whatever hydrocarbon column is coming up at any particular time that's not a homogenous makeup of the elements that are in it. And I think that would account for the variation.

OPERATOR: The next question comes from Any Sneed (sp). Your line is open.

Q: Hi, Admiral, talking again about the dredging plan, can you talk about specifically when you expect to have some sort of decision? And what local leaders are saying is that this is the federal government dragging their feet again. So could you say what is the hold up, and when there could be a decision about that plan?

ADM. ALLEN: Well, if the process ran the way it's supposed to, we would wait until the Corps of Engineers finished a viability study, which is what they're doing right now, to say, here's what we think about this, here's the art of the possible. And then we would say, all right, we've completed our study; then the issue becomes, what do you do about that? How is it funded? I would not like to do this linearly, because that would be waiting for something to happen before you make this decision.

Therefore, we've actually reached out and engaged both the Corps of Engineers and the state of Louisiana and we're trying to talk through the issues, trying to understand it. So it's not just, in three or four days, get it, and then react to it. And we're in the process of doing that right now, and we're certainly talking days, not a week.

OPERATOR: Next question comes from Dale Barnes (sp). Your line is open.

Q: Hi, Admiral, there's a company in California that's been contacted by the Corps of Engineers, and it is this Bioworld method to bioremediate and degrade the crude oil. And this seems to be an extremely safe material that works in open water and in the intertidal areas, so the technology can win in all situations. Is there – I believe it's also NCP listed and approved. Can the admiral have staff assess and implement this Bioworld method?

ADM. ALLEN: I would say that we are getting literally thousands of recommendations on products and methods on how to deal with this spill. We've actually set up an alternative technology evaluation system that is used by – we're actually using in the Coast Guard Research and Development Center in New London, Connecticut, to sort that. There are also 1-800 lines that you can contact to provide the information to that. I don't have that with me right now, but if the gentleman could provide it back afterwards, and a contact point, I will make sure somebody follows up.

MR. STEVENS: We have time for one more question.

OPERATOR: And that question comes from Matt Brown (sp). Your line is open.

Q: Admiral, I appreciate the time. I've got a twofer for you, if you could. The first is if you could just, again, briefly, address the frustration over BP seeming to be in charge of the cleanup response. And the second is, with the oil in the marshes now, to what degree do you think it's going to be possible to clean up the marshes? It's obviously pretty tricky geography to operate in. And is burning one of the options you all are considering?

ADM. ALLEN: Let me take the second point first. Oil in the marshes is like the worst-case scenario for us to deal with, in terms of recovery, because even mechanical recovery sometimes can do more harm to the marshes than the oil itself, and in some cases, burning may be an acceptable solution. Those are decisions that are made on scene in consultation with the local representatives of the state and the parishes, with the incident command post. In this case, it would be Capt. Ed Stanton at Houma.

In some cases, burning might be the preferable one. You almost have to say, what is the resource you're talking about – what is the resource you're trying to protect – where is it at and what are the attributes associated with that? But it could be anywhere from a manual cleanup – and in some cases, it may be to do nothing; in some cases, it may be to do an in situ burn. But it's pretty much conditions-based, on the oil down and the resources you're trying to protect.

In regards to your first question, I get this all the time, and this is one of the very, very difficult things, I think, both to explain and to understand. The current responsibilities for an oil-spill response are actually codified in statute and federal regulation. And they can be found in 40 CFR 300. This legislation and rule-making that was passed after the Exxon Valdez.

After the Exxon Valdez, it was determined, through public policy, that the spiller is responsible for all costs – cleanup and recovery costs. And because of that, they have to be held accountable to do that under the law. Above that is the federal on-scene coordinator, in this case Rear Adm. Mary Landry, that is in charge of ensuring that British Petroleum does that. So there's kind of a dual concept to hold in your mind here.

One is, the responsible party is responsible, but the oversight for that is through the federal on-scene coordinator – in this case, Mary Landry – and she reports to me as the national incident commander. And we are accountable to ensure they do what they are supposed to do as a responsible party.

We are not supposed to substitute our effort for theirs if they can do it, but we're supposed to ensure that they can do it. That's a very difficult concept for a lot of people to grasp, but that, in fact, was the intent of the law that was passed after the Oil Pollution Act of 1990. And I'd like to take a follow-up on that because I know it's very complex.

OPERATOR: One moment. Let's see, Matt Brown, your line is open again.

Q: Okay. Again, to address the frustration over that, there seems to be a perception that BP – I hear what you're saying, but BP still seems to – there seems to be a perception out there that they are the ones sort of calling the shots, and I guess that oversight versus them calling the shots – are you comfortable with how that's playing out? And do you feel that, that oversight has been – that you all are keeping tight enough oversight?

ADM. ALLEN: I believe we are. There's a certain cycle – a feedback loop – that has to get back. And nothing – not everything comes back to Mary Landry in Robert, Louisiana. For the stuff that's happening down on the coastline of Louisiana near South Pass, so forth, will be

Capt. Ed Stanton at our incident command post at Houma. And he has a direct authority from Mary Landry to execute direction to BP, and he will do that.

And first of all, we have to know there's a problem. And if the performance is not what we think it is, we will direct BP to do that. And that's in place. If there's a latency period associated with that, or there's a coordination problem, then we need to know that and fix it. But that is the process that's in place, and as far as I know, it has been working. If it is not, we hear about it right away from the parish presidents or somebody else, or even, I think, political leaders, and we close that loop.

But the goal of the Oil Pollution Act of 1990 and the current statutes and regulation is to put the responsible party out front responsible for doing that, and hold them accountable. And that is our job.

MR. STEVENS: All right, thank you very much, Adm. Allen. And I want to thank everyone for calling in today. Again, the JIC can be reached at 985-902-5231 for any follow-up, and we will continue to keep you apprised through the e-mail list, as well as through deepwaterhorizonresponse.com.

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